

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF SALT)
RIVER WATER DISTRICT FOR) CASE NO. 8782
AN ADJUSTMENT OF RATES)

O R D E R

IT IS ORDERED that Salt River Water District ("Salt River") shall file an original and six copies of the following information with the Commission by August 24, 1983. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide an explanation of the debt service requirements, if any, contained in Salt River's Bond Resolution of 1963.

2. Page 12 of the 1982 annual report lists 1,200,000 gallons of water provided to free customers. As Salt River reports no free customers in its 1980 or 1981 reports please explain to whom water service is provided at no charge and the criteria used to determine if a customer will be served free of charge.

3. Salt River has proposed to increase its professional service expense by \$11,711. These charges relate to rate case work, a master plan for the district and work on filter rehabilitations. All of these expenses will

presumably not recur on an annual basis yet Salt River has proposed to include these items of expense in full for determining its revenue requirements. Provide an explanation for the inclusion of these expenses in full versus amortizing them over the period during which they can be expected to recur. Provide the number of years over which the items mentioned would be expected to recur.

4. It is the Commission's policy to disallow depreciation associated with contributed property for rate-making purposes. Salt River's 1982 balance sheet reflects total contributions of \$80,652, approximately 18 percent of Salt River's utility plant in service. In order for the Commission to make an informed decision in this case, provide all information or arguments available in support of Salt River's position on this issue.

5. Salt River has proposed in adjustment 6 to increase the level of expense in Account 651, Maintenance of Mains to \$3,000. The explanation provided stated that this level of expense is necessary to replace leaking, undersized water mains and that some replacement will be necessary annually. The projected level of expense in this account is considerably higher than that incurred by Salt River since 1980. Provide all information available to Salt River to show that the projected level of expense in Account 651 will be a normal recurring level for Salt River.

6. Provide an itemized listing of the costs incurred to date for the preparation of this case and an

itemized estimate of the total cost to be incurred for this case. Indicate any costs incurred for this case that incurred during the test year. Include the account charged for each amount and a complete narrative explanation of the services provided for the hours billed by each firm or individual rendering services in connection with this case.

7. Provide an explanation of how the adjusted level of Account 625, Maintenance of Pumping Plant was determined to be \$2,000. Is this level of expense expected to be the normal recurring level of expense in this account for Salt River in the future?

8. Salt river reports electric expense of \$14,564 for the calendar year 1982. The total of the 24 electric bills corresponding to the calendar year 1982 totals \$13,464 as calculated by the Commission. Please explain this discrepancy.

9. It is stated in the application that the employees of Salt River each received a 10 percent wage increase effective January 5, 1983. Please explain in detail how a 10 percent increase, versus 5, 8, 11 percent etc., was decided upon.

Done at Frankfort, Kentucky, this 12th day of August, 1983.

ATTEST:

PUBLIC SERVICE COMMISSION

Secretary


By the Commission